

July 23, 2004

***VIA HAND DELIVERY AND E-MAIL***

Mary Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

***RE: Cape Light Compact, D.T.E. 04-32***

Dear Secretary Cottrell:

Pursuant to the Department's Order dated May 4, 2004 in D.T.E. 04-32, at p. 20, I am writing to inform you that on July 16, 2004, the Cape Light Compact (the "Compact") entered into a one-year Competitive Electric Supply Agreement (the "Agreement") with Consolidated Edison Solutions, Inc. ("ConEdison Solutions"), to serve all Cape Cod and Martha's Vineyard customers, beginning in 2005.

This letter confirms that the non-price provisions of the Agreement remain the same as the non-price provisions included in the form of electric supply agreement submitted in the Compact's Petition for Approval (the "Petition") in D.T.E. 04-32. In addition, the Compact covenanted to the Department of Telecommunications and Energy ("DTE" or the "Department") in the Petition that it would not execute an electric supply agreement with a supplier unless the 2004 Aggregation Plan price, i.e. the supplier's price plus the reserve fund, was lower than the standard offer service rate in Commonwealth Electric's service territory through the end of the standard offer period. Cape Light Compact Petition for Approval, D.T.E. 04-32, at p.10. Under the terms of the Agreement, the Compact's default service customers will begin service on January 1, 2005. All other Compact customers will begin service on March 1, 2005, after the end of the standard offer period. Given this schedule, the Compact believes it has satisfied its covenant to the Department.

The Compact and ConEdison Solutions have agreed to treat the price terms included in Exhibit A of the Agreement as confidential, for a period of 120 days, in order to undertake the market activities necessary to finalize the Agreement and so as to not

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undermine the most efficacious and cost effective arrangement of power supply to consumers. If the DTE requests that the Compact provide it with the price terms of the Agreement, the Compact will submit Exhibit A to the Department along with a Motion for Protective Treatment, in order to adhere to the confidentiality agreement between the Compact and ConEdison Solutions.

Thank you for your attention to this matter. If you, or any other recipient of this letter, require further information or have any questions, please do not hesitate to contact me. Please note that next week I will be on vacation and any inquiries should be directed to Audrey Eidelman of this Firm.

Sincerely,

Jeffrey M. Bernstein

JMB/drb

cc: Kevin Penders, Esq., Legal Division (via e-mail and hand delivery)  
Barry Perlmutter, Electric Power Division (via e-mail and hand delivery)  
Joseph Rogers, Esq., Office of the Attorney General (via e-mail and first class mail)  
Robert Sydney, Esq., Division of Energy Resources (via e-mail and first class mail)  
Robert N. Werlin, Esq. (via e-mail and first class mail)  
Margaret T. Downey, Cape Light Compact (via e-mail and first class mail)